

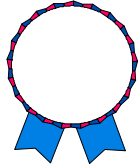


# ARMY ACQUISITION REFORM

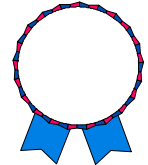


Issue 44

19 December 1996



## ***FY96: A BANNER YEAR FOR ARMY'S VALUE ENGINEERING PROGRAM***



The Value Engineering (VE) program, which incentivises both government and contractor workforces to submit ideas for improving products, processes and production methods, continues to pay dividends. In FY96, the Army saved \$77.8M using *Value Engineering Change Proposals (VECPs)*, which are cost saving recommendations submitted by a contractor in accordance with the VE provisions of their contract. Government ideas, termed *Value Engineering Proposals (VEPs)*, saved over \$379M. Particularly noteworthy is the strong performance of the Soldier Systems Command, who exceeded its FY 96 goal by 98 percent (\$1.9M actual savings versus \$1.0M goal).

## **“CENTERS AND SATELLITES” TO PROVIDE CONTRACTING SUPPORT TO FORCE XXI**

A Functional Area Assessment (FAA) of the *Contracting* function was conducted in response to Army leadership direction to redesign the institutional/TDA Army to effectively and efficiently perform Title 10 functions necessary to support a redesigned Army warfighting organization -- Force XXI. One of the FAA's primary missions was selection of the *best contracting organization* to support Force XXI. To that end, an Army-wide contracting organization based upon a MACOM “**centers and satellites**” approach, was chosen. With concurrence of the VCSA on 30 Oct 96, the Army is moving out with implementation of this approach. It requires all MACOMs (except COE and NGB) to develop and identify their main centers and satellites for consolidation of contracting actions, and to regionalize all negotiated contract actions over \$500,000 at one or more “centers.” MACOMs have the option of consolidating lesser value contracts as well. It is anticipated that satellite installations will retain responsibility for simplified/FACNET acquisitions, credit card purchases, customer interface and contract administration functions. Other FAA proposals -- workload benchmarks, credit card usage and office consolidations -- reduced the cost of contracting by \$184M during the FY98-03 POM period.